Chairman Vaupel, and members of the committee,

My name is Greg Hoke and I'm the director of State Government Affairs for the Biotechnology Innovation Organization. BIO, is the international trade association representing biopharmaceutical researchers and manufacturers, research institutions, universities, and state biotech associations like MichBIO here in Michigan.

BIO appreciates your willingness to meet with us and hear our concerns over the past few months. We also appreciate your interest in looking at healthcare costs, and means to reduce those costs. The passage of the biosimilar legislation by this committee and this legislature is an appropriate way to lower costs to patients here in Michigan. We thank you for that.

Unfortunately, while we support transparency in healthcare costs, we cannot support this particular bill. We believe this legislation would cause significant harm to the market without bringing any benefits to patients. Any legislative effort to address the affordability of medicines must be patient centered, holistic, and promote patient access to treatment and cures. Because 90% of our members are "pre-revenue" companies – that is they do not yet have product to market, or they have a product that has not yet returned its investment on R&D – they exist because of venture capital, or angel investors. These companies may be decades away from realizing any profits. In fact, as you've heard in other testimony before this committee, the biopharmaceutical industry is by far, the riskiest business with incredible failure to success ratios. We believe that any attempt to require companies to report proprietary trade secrets, data that could be decades old, some or all which could be prevented by contract from being reported, could harm innovation and stifle investment.

The drugs that are entering today's market (for example drugs that cure hepatitis C, certain types of leukemia, and certain types of blindness) have taken decades to develop and are expensive. However, they provide cures for previously incurable, rare diseases for which few treatments are available. Unfortunately, this legislation only looks at one side of the equation as these drugs have a tremendous offset in reduction of other health care costs, increase productivity, and most importantly increased quality of life, and increased lifespan.

[With the exception of a cure for Hep C, and more patients having access to prescription drug for under the ACA which occurred a few years back, prescription drug spend has remained constant over the past several decades at 10-14% of the health care dollar.]

Patients need more transparency in how their healthcare dollars are being spent, but this legislation would provide transparency in name only. This legislation would not produce transparency into the decision of insurers and drug cost middlemen who ultimately decide how much patients pay out of pocket for their medicines. And that is truly what matters most to patients.

BIO supports meaningful transparency to help patients get the information they need to make informed choices. Unfortunately HB 5223 would punish new, upstart companies who are developing tomorrow's cures for the diseases we are only managing today.

Thank you Mr. Chairman.